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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

APR 30
92-225

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTER ENDED MARCH 31, 1992 OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ____ TO ____

Commission File No. 1-935

MOUNTAIN FUEL SUPPLY COMPANY
(Exact name of registrant as specified in its charter)

STATE OF UTAH	87-0155877
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
P.O. Box 11368, 180 East First South, Salt Lake City, Utah	84147
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (801) 534-5555

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ✓ No _

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding as of April 29, 1992
Common Stock, $2.50 par value	9,189,626 shares

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MOUNTAIN FUEL SUPPLY COMPANY
STATEMENTS OF INCOME
(Unaudited)

	3 Months Ended March 31,		12 Months Ended March 31,	
	1992	1991	1992	1991
	(In Thousands)			
REVENUES	$167,634	$184,777	$399,615	$394,241
OPERATING EXPENSES				
Natural gas purchases	105,374	119,461	239,024	239,354
Operating and maintenance	21,610	22,243	80,191	78,760
Depreciation	5,205	4,913	19,523	16,856
Other taxes	3,288	3,059	8,935	8,497
TOTAL OPERATING EXPENSES	135,477	149,676	347,673	343,467
OPERATING INCOME	32,157	35,101	51,943	50,774
INTEREST AND OTHER INCOME	282	412	1,495	4,078
DEBT EXPENSE	(3,944)	(3,778)	(15,329)	(15,076)
INCOME BEFORE INCOME TAXES	28,495	31,735	38,109	39,776
INCOME TAXES	11,441	12,655	15,061	14,309
NET INCOME	$17,054	$19,080	$23,048	$25,467

MOUNTAIN FUEL SUPPLY COMPANY
CONDENSED BALANCE SHEETS
(Unaudited)

	March 31, 1992	March 31, 1991	December 31, 1991
	(In Thousands)		
ASSETS			
Current assets			
Cash and short-term investments	$8,365	$6,495	$5,124
Notes receivable from parent company	20,500	15,500	
Accounts receivable	50,631	66,430	46,338
Other current assets	10,040	7,955	9,238
Total current assets	89,536	96,380	60,700
Property, plant and equipment	620,685	585,970	615,989
Less allowances for depreciation	234,687	217,500	229,262
Net property, plant and equipment	385,998	368,470	386,727
Other assets	4,138	4,906	4,712
	$479,672	$469,756	$452,139
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Notes payable to parent company			$13,000
Accounts payable and accrued expenses	$68,143	$74,179	58,475
Purchased-gas adjustments	32,149	17,492	3,355
Total current liabilities	100,292	91,671	74,830
Long-term debt	148,974	148,893	148,953
Deferred credits	362	344	382
Deferred income taxes and investment tax credits	36,511	37,534	46,788
Redeemable cumulative preferred stock	9,955	11,155	9,955
Common shareholder's equity			
Common stock	22,974	22,974	22,974
Additional paid-in capital	21,875	21,875	21,875
Retained earnings	138,729	135,310	126,382
Total common shareholder's equity	183,578	180,159	171,231
	$479,672	$469,756	$452,139

MOUNTAIN FUEL SUPPLY COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	3 Months Ended March 31,	
	1992	1991
	(In Thousands)	
OPERATING ACTIVITIES		
Net income	$17,054	$19,080
Depreciation	5,674	5,411
Deferred income taxes and investment tax credits	(10,277)	(10,822)
	12,451	13,669
Change in operating assets and liabilities	33,942	20,549
NET CASH PROVIDED FROM OPERATING ACTIVITIES	46,393	34,218
INVESTING ACTIVITIES		
Capital expenditures	(4,850)	(3,678)
Proceeds (uses) from disposition of property, plant and equipment	(95)	476
CASH USED IN INVESTING ACTIVITIES	(4,945)	(3,202)
FINANCING ACTIVITIES		
Increase in notes receivable from affiliates	(20,500)	(15,500)
Decrease in notes payable to parent company	(13,000)	(9,000)
Dividends paid	(4,707)	(4,982)
CASH USED IN FINANCING ACTIVITIES	(38,207)	(29,482)
INCREASE IN CASH AND SHORT-TERM INVESTMENTS	$3,241	$1,534

MOUNTAIN FUEL SUPPLY COMPANY
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

March 31, 1992

NOTE A – Basis of Presentation

The interim financial statements furnished reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature. Due to the seasonal nature of the business, the results of operations for the three-month period ended March 31, 1992, are not necessarily indicative of the results that may be expected for the year ending December 31, 1992. For further information refer to the financial statements and footnotes thereto included in the company's annual report on Form 10-K for the year ended December 31, 1991.

NOTE B – Financing

In April 1992, Mountain Fuel filed a registration statement with the Securities and Exchange Commission for the issuance of up to $75 million in medium-term notes. The proceeds from these notes will be used for the redemption of up to $50 million of existing long-term debt, capital expenditures and other corporate purposes.

MOUNTAIN FUEL SUPPLY COMPANY
MANAGEMENT'S ANALYSIS
March 31, 1992

Operating Results —

Following is a summary of operating information for the Company:

	3 Months Ended March 31,		12 Months Ended March 31,	
	1992	1991	1992	1991
Natural gas volumes (in thousands of decatherms)				
Residential and commercial sales	31,874	35,254	72,944	71,304
Industrial sales	1,636	2,488	6,411	8,204
Transportation for industrial customers	14,941	11,263	49,655	38,083
Total deliveries	48,451	49,005	129,010	117,591
Natural gas revenue (per decatherm)				
Residential and commercial	$4.87	$4.80	$4.86	$4.79
Industrial sales	4.36	3.79	3.62	3.39
Transportation for industrial customers	0.12	0.11	0.12	0.19
Heating degree days				
Actual	2,753	3,162	5,675	5,661
Normal	2,963	2,963	5,803	5,803
Number of customers at end of period	516,823	504,550		

Natural gas volumes sold to residential and commercial customers were 10% lower in the first quarter of 1992 compared with the same quarter of 1991. Temperatures, as measured in degree days, were 7% warmer than normal and 13% warmer than the prior year period. A 2.4% increase in customers partially offset the impact of warmer temperatures. Natural gas volumes sold to residential and commercial customers increased 2% in the 12 months ended March 31, 1992, compared with the same period of 1991, as a result of the increase in customers.

Deliveries to industrial customers increased 21% in both the first quarter of 1992 and the 12 months ended March 31, 1992, compared with the corresponding 1991 periods. Most of these increases were for mining and electric generation customers.

Operating and maintenance expenses decreased 3% in the first quarter of 1992 compared with the first quarter of 1991 due to a reduction in employees that resulted from a 1991 reorganization and early retirement program, and the capitalization of labor costs in construction projects. These expenses were 2% higher in the twelve months ended March 31, 1992, compared with the same period of 1991 due to increased customers and an expanded service territory.

Depreciation expense and other taxes were higher in the 1992 periods as a result of additions to property, plant and equipment. Debt expense was higher in the 1992 periods because of interest paid on the purchased–gas adjustment account.

The effective income tax rate was 40.2% in the three months ended March 31, 1992 compared with 39.9% in the same period of 1991.

The FERC issued Order No. 636 on the restructuring of the service obligations of interstate natural gas pipelines in April 1992. The Order requires, among other things, that all pipelines cease the sale of natural gas on a "bundled" basis (a single service that includes the sale of natural gas as a commodity, transportation services, and storage services). Instead, pipelines must now offer these services separately. The Order also requires pipelines to offer a new "no-notice" transportation service that provides the same reliability of service as the traditional sales-for-resale service. In addition, the Order encourages pipelines to transfer gas supply contracts to sales-for-resale customers and permits pipelines to collect all prudently-incurred transitional costs from its customers. Questar Pipeline is required to file a tariff with the FERC by October 1, 1992 that reflects operations under the new rules. Implementation of the new rules is required in advance of the 1993-1994 heating season.

Mountain Fuel's gas acquisition practices have been under review by the Public Service Commissions of Utah (PSCU) and Wyoming (PSCW). These reviews, as well as FERC Order No. 636, may result in the transfer of Questar Pipeline's merchant function and the associated gas-purchase contracts to Mountain Fuel.

The PSCU will hold hearings May 11-15, 1992, to consider claims filed by the Utah Committee of Consumer Services that Mountain Fuel should have purchased gas supplies on the spot market, rather than from Questar Pipeline, and that Mountain Fuel should be required to refund $61 million for 1991 and $33 million for the first half of 1992. Mountain Fuel contended, in testimony filed with the PSCU, that its gas-purchase practices are prudent, result in lower costs than the alternatives proposed by the agency and are in the best interests of its customers. Other parties in the proceedings, including the Division of Public Utilities and several industrial customers, have filed testimony supporting Mountain Fuel's position.

Liquidity and Capital Resources --

Net cash provided from operating activities was $46,393,000 for the first quarter of 1992 compared with $34,218,000 for the first quarter of 1991. The increase was due to changes in working capital, primarily the purchased-gas adjustment account.

Capital expenditures were $4,850,000 in the first quarter of 1992 compared with $3,678,000 in the first quarter of 1991. Capital expenditures for the calendar year 1992 are estimated at $47,000,000. These capital expenditures will be financed with funds from operations, a planned issuance of medium-term notes and borrowings from banks or the parent company.

In April 1992, Mountain Fuel filed a registration statement with the Securities and Exchange Commission for up to $75 million of medium-term notes. Mountain Fuel plans to use the proceeds from this issue for the redemption of up to $50 million of existing long-term debt, capital expenditures and other corporate purposes.

The company had short-term line-of-credit arrangements with banks totaling $5,400,000 at March 31, 1992. There were no borrowings under these lines at March 31, 1992.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

1. Mountain Fuel Supply Company (Mountain Fuel or the Company) will be involved in public hearings before the Public Service Commission of Utah (PSCU) on May 11-15, 1992. The hearings, which were originally scheduled to begin April 27, 1992, will consider claims filed by the Utah Committee of Consumer Services, a state agency, that Mountain Fuel should have purchased gas supplies on the "spot market," rather than from an affiliated pipeline supplier, and that the Company should be required to refund approximately $61 million for 1991 and $33 million for the first half of 1992.

In testimony filed with the PSCU on March 27, 1992, Mountain Fuel contended that its gas supply practices are prudent, result in lower costs than the alternatives proposed by the agency, and are in the best interests of its customers. Other parties in the proceedings, including the Division of Public Utilities (another state agency) and several industrial transportation customers, have filed testimony supporting Mountain Fuel's position.

2. On April 8, 1982, the Federal Energy Regulatory Commission (the FERC) issued Order No. 636 in the rulemaking proceedings commonly referred to as the "mega-NOPR." The Company will be affected by the new rules even though it is not subject to the jurisdiction of the FERC. The Order essentially eliminates traditional sale-for-resale services by interstate pipelines, encourages pipelines to transfer gas supply contracts to their sale-for-resale customers, and permits pipelines to collect prudently-incurred transitional costs from such customers. Mountain Fuel, as a result of the new rules, expects to purchase gas supplies directly, rather than rely on its affiliated pipeline supplier. The various provisions in Order No. 636 are to be implemented no later than the 1993-94 heating season.

Item 6. Exhibits and Reports on Form 8-K.

(a) The following exhibit is included with this report.

Exhibit No. 12. Ratio of Earnings to Fixed Charges.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MOUNTAIN FUEL SUPPLY COMPANY
(Registrant)

April 29, 1992

D. N. Rose
President and Chief
Executive Officer

April 29, 1992

W. F. Edwards
Vice President and Chief
Financial Officer

EXHIBIT INDEX

Page Number	Exhibit Number	Exhibit
11	12.	Ratio of Earnings to Fixed Charges.

Exhibit 12

MOUNTAIN FUEL SUPPLY COMPANY
RATIO OF EARNINGS TO FIXED CHARGES

	12 Months Ended March 31,	
	1991	1992
EARNINGS		
Income before income taxes	$39,776	$38,109
Plus debt expense	15,076	15,329
Plus allowance for borrowed funds used during construction	115	191
Plus 50% of rental expense	81	97
	$55,048	$53,726
FIXED CHARGES		
Debt expense	$15,076	$15,329
Plus allowance for borrowed funds used during construction	115	191
Plus 50% of rental expense	81	97
	$15,272	$15,617
RATIO OF EARNINGS TO FIXED CHARGES	3.60	3.44